



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Authorizing the issuance of Consolidated Public Improvement Bonds of 2016, Series A and Consolidated Public Improvement Refunding Bonds of 2016, Series B	Executive Order No. 179-16	Subject Suffix
Department Department of Finance	Department No. B354-16	Effective Date 11/17/16

ORDER PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS OF MONTGOMERY COUNTY, MARYLAND IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$449,335,000, SUBJECT TO ADJUSTMENT AS PROVIDED HEREIN; PRESCRIBING THE FORM AND TENOR OF SUCH BONDS, THE MANNER, TERMS AND CONDITIONS OF SALE AND ISSUANCE THEREOF; PRESCRIBING THE TERMS OF SUCH BONDS AND ALL OTHER DETAILS INCIDENT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF ALL DOCUMENTS IN CONNECTION WITH THE ISSUANCE THEREOF; PROVIDING FOR THE PAYMENT WHEN DUE, OF THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE BONDS; PROVIDING FOR THE LEVY AND COLLECTION OF TAXES IN RATES AND AMOUNTS SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; PRESCRIBING THE TERMS AND OTHER DETAILS INCIDENT TO REFUNDING CERTAIN GENERAL OBLIGATION BONDS OF THE COUNTY; AND TO PROVIDE GENERALLY FOR THE SALE, ISSUANCE, AND DELIVERY OF SUCH BONDS.

RECITALS

BE IT ORDERED by the County Executive of Montgomery County, Maryland, that:

Section 1. Montgomery County, Maryland (the "County") is hereby authorized upon its full faith and credit to issue its general obligation bonds in the total aggregate principal amount not to exceed \$449,335,000 consisting of its: Consolidated Public Improvement Bonds of 2016, Series A in the aggregate principal amount not to exceed \$340,000,000 (the "Series 2016A Bonds") and Consolidated Public Improvement Refunding Bonds of 2016, Series B in the aggregate principal amount not to exceed \$109,335,000 (the "Series 2016B Bonds" and together with the Series 2016A Bonds, the "Bonds"). The final aggregate principal amount for each series of Bonds shall be determined in an order of the County Executive of the County (the "County Executive") (or the Chief Administrative Officer of the County (the "Chief Administrative Officer"), acting in the capacity of the County Executive) as provided herein.

Section 2. The proceeds of the Series 2016A Bonds will be used to (i) refinance all or a portion of the County's outstanding Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, Series 2009 and/or Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, Series 2010 (collectively, the "Notes"), which such Notes were used to finance and refinance the acquisition, construction and equipping of certain public facilities (the "Public Facilities"), as described in Section 20-14 of the Montgomery County Code, as amended (the "County Code"); (ii) finance the costs of certain Public Facilities described in the County's FY17-22 Capital Improvements Program; and (iii) pay the costs of issuing the Series 2016A Bonds. The Series 2016A Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); Section 19-101 of the Local Government Article of



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the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); Chapter 43 of the Laws of Montgomery County of 2006, Chapter 12 of the Laws of Montgomery County of 2007, Chapter 36 at the Laws of Montgomery County of 2008, Chapter 22 of the Laws of Montgomery County of 2009, Chapter 54 of the Laws of Montgomery County of 2010, Chapter 24 of the Laws of Montgomery County of 2011, Chapter 19 of the Laws of Montgomery County of 2012, Chapter 26 of the Laws of Montgomery County of 2013, Chapter 31 of the Laws of Montgomery County of 2014 and Chapter 49 of the Laws of Montgomery County of 2015; Resolution No. 16-1104 of the County Council of the County (the "County Council"), adopted on September 15, 2009, as amended (the "Resolution"); the County Code (the "Code"); certain provisions of the County Charter (the "Charter"); and this Order.

Section 3. The proceeds of the Series 2016B Bonds will be used to (i) refund all or a portion of the County's outstanding Consolidated Public Improvement Bonds of 2011, Series A (the "Refunded Bonds"), as more particularly described on Exhibit A attached hereto and (ii) pay a portion of the costs of issuing the Series 2016B Bonds. The maturities of the Refunded Bonds to be redeemed by the Series 2016B Bonds shall be finally determined in a subsequent order of the County Executive (or the Chief Administrative Officer, acting in the capacity of the County Executive).

The issuance of the Series 2016B Bonds meets a public purpose of restructuring the debt of such Refunded Bonds in order to realize savings to the County in the aggregate cost of debt service. Such refunding shall be effected by purchasing United States Government obligations and/or obligations guaranteed by the United States of America ("Government Obligations"), in such amounts and maturing at stated fixed prices as to principal and interest at such times as will be sufficient to (a) pay all the principal of and interest on the Refunded Bonds becoming due and payable before the earliest practicable dates of redemption as hereinafter provided and (b) to redeem at the earliest practicable dates and pay the respective redemption prices and accrued interest to the respective redemption dates of the Refunded Bonds, all as provided in the Escrow Deposit Agreement (as hereinafter defined). The Series 2016B Bonds are issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement) (the "Refunding Act"); Resolution No. 16-1152 adopted by the County Council on October 20, 2009, as amended by Resolution No. 17-1265, adopted by the County Council on November 25, 2014 (collectively, the "Refunding Resolutions"); provisions of the Charter; the Code, and this Order. Section 10-203 of the Local Government Article of the Annotated Code of Maryland, Section 19-101 of the Local Government Article of the Annotated Code of Maryland, the Refunding Act, the Resolution, and the Refunding Resolutions are collectively referred to herein as the "Enabling Acts".

Section 4. The Bonds shall be dated the date of their initial delivery and shall be issuable in registered form in the denomination of Five Thousand Dollars (\$5,000) each or any integral multiple thereof. The Bonds will initially be issued in book-entry only form without physical distribution of certificates to the public. The Depository Trust Company, New York, New York ("DTC") will act as the securities depository for the Bonds and the Bonds will be registered in the name of Cede & Co. as



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nominee for DTC. The Bonds of each issue, when first issued, may be numbered from No. R-1 upward in the order of their maturities or in some other manner which conforms to standard bond registration practices and is acceptable to DTC and the Director of Finance of the County (the "Director of Finance"). Registration books (the "Bond Register") for the Bonds shall be maintained by the County, which shall also act as paying agent for the Bonds (the "Bond Registrar and Paying Agent"). The Director of Finance from time to time may designate a bank or other financial institution to serve as Bond Registrar and Paying Agent upon 30 days' prior written notice to the registered owners of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, the County will send all payments of principal of and premium, if any, and interest on, and notices to Cede & Co., and consider Cede & Co. as registered owner for all other purposes. Principal payments shall be made to Cede & Co. by check, draft or wire transfer at its address as it appears on the Bond Register, on the respective payment or redemption dates. Interest shall be paid to Cede & Co. by check, draft or wire transfer at its address as it appears on the Bond Register, such interest being payable semi-annually on June 1 and December 1 in each year (commencing June 1, 2017), accounting from the most recent date to which interest has been paid or, if no interest has been paid, from the date of initial delivery of the Bonds.

The Bonds shall contain similar provisions to and be in substantially the form set forth in Exhibit B attached hereto, with such variations as the Director of Finance may deem are necessary or appropriate in compliance with this Order. So long as the Bonds are in book-entry form, the manual or facsimile signature of the Director of Finance shall be sufficient to authenticate the Bonds. Bonds issued substantially in accordance with such form, with appropriate insertions as indicated, when properly executed and authenticated as required by this Section, shall be deemed to constitute unconditional general obligations of the County, the payment of which, in accordance to the terms thereof, the County's full faith and credit are pledged, and all the covenants and conditions contained in such Bonds shall be deemed to be binding on the County.

Section 5. The Bonds shall be executed in the name of the County and on its behalf by the County Executive, whose signature may be by facsimile, an original or facsimile of the official seal of the County shall be imprinted or otherwise reproduced thereon, attested by the manual or facsimile signature of the Director of Finance, and authenticated by the manual or facsimile signature of the Bond Registrar and Paying Agent.

Section 6. The Bonds shall mature on December 1, in serial installments commencing on December 1, 2017 and shall bear interest at the rates set forth in the bids selected by the Director of Finance and approved pursuant to a subsequent order. The final maturity of the Bonds shall not be later than December 1, 2046. The provisions provided in this section may be modified by a subsequent order or orders of the County Executive (or the Chief Administrative Officer, acting in the capacity of the County Executive).

Section 7. The Bonds are and shall be issued upon the full faith and credit and unlimited taxing power of the County which is hereby pledged to the punctual payment of the principal and redemption price, if any, thereof and interest thereon, and the Bonds shall be payable from unlimited ad valorem



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taxes levied upon all legally assessable property within the corporate limits of the County. The County does hereby and shall in the Bonds covenant and agree to pay punctually the principal of each of the Bonds and the interest thereon, on the dates and in the manner mentioned therein, according to the true intent and meaning thereof. In and for each and every fiscal year that any of the Bonds are outstanding, there shall be and there is hereby levied an ad valorem tax or taxes upon all the legally assessable property within the corporate limits of the County in rate and amount sufficient, together with other revenues pledged and available therefor, to provide for the payment, when due, of the principal of and interest on all such Bonds becoming due in such fiscal year, and in the event the proceeds from such tax or taxes levied in any fiscal year shall prove inadequate for such payment, additional taxes shall be levied in the succeeding fiscal year to make up any such deficiency.

Section 8. Bonds which mature on or before December 1, 2024, are not subject to redemption prior to their respective maturities. Bonds which mature on or after December 1, 2025, are subject to redemption beginning December 1, 2024 as a whole or in part at any time thereafter, in any order of their maturities, at the option of the County, at a redemption price for each bond equal to the principal amount of the Bond to be redeemed, together with interest accrued to the date fixed for redemption, without premium. The redemption provisions provided in this section may be modified by subsequent order or orders of the County Executive (or the Chief Administrative Officer, acting in the capacity of the County Executive).

Section 9. (a) The Bonds shall be issued, delivered and sold at public sale upon electronic proposals via the BiDCOMP/Parity Competitive Bidding System ("PARITY") or via such other electronic bidding system as may be determined by subsequent order or orders of the County Executive (or the Chief Administrative Officer, acting in the capacity of the County Executive), in such manner and for such price or prices, not less than the principal amount thereof and accrued interest thereon, as may be determined by the Director of Finance. The Bonds shall be sold in accordance with one or more Official Notices of Sale (as defined below).

(b) The Official Notices of Sale (the "Notices of Sale") pertaining to the Bonds shall be substantially in the form set forth in Appendix D to the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), a copy of which is attached hereto as Exhibit C, subject to such additions, deletions and amendments as shall be approved by the Director of Finance, publication of such Preliminary Official Statement to constitute conclusive evidence of approval by the Director of Finance and the terms, provisions and conditions set forth in such form of Notices of Sale are hereby adopted and approved as the terms, provisions and conditions under which and in the manner in which the Bonds shall be sold, issued and delivered.

The Director of Finance is hereby authorized to cause to be prepared an Official Statement, and any necessary supplements or addenda thereto. The Preliminary Official Statement and the Official Statement shall contain such financial and other data as are customarily found in such publications and as may be deemed appropriate by the Director of Finance. The Director of Finance is further authorized to take such actions on behalf of the County as they deem appropriate or necessary to comply with Rule 15c2-12 (hereinafter defined) in connection with the offering and sale of the Bonds.



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(c) The Director of Finance is hereby authorized and directed to publish one or more summary of the Notices of Sale for the Bonds at least twice in one or more daily or weekly newspapers having a general circulation in Montgomery County, Maryland, the first such publication to be at least ten (10) days prior to the date of sale. The summary of the Notices of Sale shall be published in substantially the form as approved by the Director of Finance, the publication of such notice to constitute conclusive evidence of the approval of the Director of Finance.

Section 10. Immediately after the sale of the Bonds, the aggregate principal amount of the Bonds to be issued, the interest rate or rates payable on the Bonds, the maturity schedule for the Bonds, the dated date of the Bonds, interest payment dates for the Bonds, and the redemption provisions relating to the Bonds, shall be fixed by an executive order of the County Executive (or the Chief Administrative Officer, acting in the capacity of the County Executive and in accordance with the terms of this Order), subject to the provisions hereof and in accordance with the terms and conditions of the sale of the Bonds.

Section 11. The proceeds from the sale of the Series 2016A Bonds, including any premium and accrued interest therefor, shall be paid directly to the Director of Finance who shall deposit the same in the proper accounts of the County to finance the acquisition, construction and equipping of certain Public Facilities of the County, to repay the Notes, to pay the cost of issuing the Series 2016A Bonds and to fund interest payments on the Series 2016A Bonds.

The proceeds from the sale of the Series 2016B Bonds shall be (i) paid to the Director of Finance to pay the costs of issuing the Series 2016B Bonds; (ii) deposited by the Director of Finance with U.S. Bank National Association (the "Escrow Agent") in a trust fund (the "Escrow Deposit Account"), to be established under an Escrow Deposit Agreement by and between the County and the Escrow Agent with respect to the Refunded Bonds (the "Escrow Deposit Agreement") and applied to the payments of the principal of and interest on the Refunded Bonds when they come due and the redemption price of and accrued interest on the Refunded Bonds on the redemption date, which execution shall be conclusive evidence of the approval by the County of the due execution of such instrument on behalf of the County. The Escrow Deposit Agreement shall be substantially in the form set forth on Exhibit D hereto, with such modifications, amendments and changes as the Director of Finance shall deem necessary and appropriate. The amount paid to the Escrow Deposit Agent pursuant to this paragraph shall be paid to the Escrow Deposit Agent in federal funds or other immediately available funds and shall be used and applied solely in accordance with the terms of the Escrow Deposit Agreement.

Section 12. Prior to the delivery of the Series 2016B Bonds, the County shall have received a report from a firm of independent certified public accountants, nationally recognized in the field of refunding of tax exempt obligations, verifying that the proceeds of the Series 2016B Bonds on deposit in the Escrow Deposit Account, and such amounts to be provided to the Trustee, together with any other amounts provided by the County for deposit in Escrow Deposit Account, will be sufficient to pay all principal payments and interest accruing on the Refunded Bonds prior to their respective dates of redemption and all accrued interest and redemption price of the Refunded Bonds on the date of redemption.



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Section 13. Conditioned only upon the delivery of payment for the Series 2016B Bonds, the County hereby specifically and irrevocably elects to redeem the Refunded Bonds on the earliest practicable dates and at the respective redemption prices, plus interest accrued and unpaid to the respective dates of redemption, shown on Exhibit A attached hereto. Notwithstanding the foregoing, the irrevocable election contained in this Section shall only be effective with respect to the issues and maturities of the Refunded Bonds identified in a subsequent order of the County Executive (or the Chief Administrative Officer, acting in the capacity of the County Executive and in accordance with the terms of this Order).

Section 14. It is hereby determined that it is necessary and appropriate for the County to execute and deliver a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") in accordance with the provisions of Rule 15c2-12 of the Securities and Exchange Act of 1934 ("Rule 15c2-12"), for the benefit of the registered owners from time to time of the Bonds, in order to enable the successful bidder for the Bonds (including any of such bidder's associates constituting "principal underwriters" within the meaning of Rule 15c2-12) to comply with the requirements of Rule 15c2-12. The Director of Finance shall execute and deliver the Continuing Disclosure Agreement substantially in the form attached as Appendix B to the Preliminary Official Statement, with such changes therein as bond counsel to the County may advise.

Section 15. There may be deducted from the gross proceeds received from the sale of the Bonds the cost of advertising, underwriting fees, printing and legal fees and fees of other professionals, and expenses relating to such sale as may be determined by the Director of Finance. There may also be deducted from the gross proceeds of the sale of the Bonds any other incidental expenses relating thereto and the reimbursement of the general tax receipts of the County for any monies previously expended therefrom for the projects more specifically described in this Order as bond counsel to the County may advise.

Section 16. The County hereby covenants that it will take, or refrain from taking, any and all actions necessary to comply with the provisions of Section 103 and Sections 141 through 150, inclusive, of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to the Bonds in order to preserve the status of the interest on the Bonds as excluded from gross income for Federal income tax purposes. Without limiting the generality of the covenant set forth in the preceding sentence, (a) the County will not use or permit the use of any of the proceeds of the Bonds or any of the funds of the County in such manner as would cause the interest on the Bonds to be included in gross income for Federal income tax purposes, (b) the County will regulate the investment of the proceeds of the Bonds so as not to cause any of the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code and the Income Tax Regulations thereunder, (c) the County will, if and to the extent necessary make periodic determinations of the rebate amount and timely pay any rebate amount, or installment thereof, to the United States of America, (d) the County will prepare and timely file Internal Revenue Service Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, and (e) the Director of Finance is hereby authorized and directed to prepare or cause to be prepared and to execute and certificate or



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other document which may be required in order to assure compliance with the applicable provisions of Section 103 and Sections 141 through 150, inclusive, of the Code, and the Income Tax Regulations thereunder.

Section 17. In the event that the proceeds from the sale of the Series 2016A Bonds exceeds the amount needed to refinance all or a portion of the County's outstanding Notes, the excess funds shall be either (i) applied to the payment of debt service on the Series 2016A Bonds, (ii) used to finance the costs of certain Public Facilities described in the County's FY17-22 Capital Improvements Program or (iii) applied to the payment of costs of issuance of the Series 2016A Bonds.

Section 18. The County Executive or Chief Administrative Officer shall by subsequent order, award the Bonds to the winning bidder for the Bonds in accordance with the Notices of Sale and this Order, and take such other action as deemed necessary in connection with the issuance and sale of the Bonds.

Section 19. The Chief Administrative Officer and Director of Finance, and such other officers, employees, and agents of the County are hereby authorized and directed to take such actions, and to provide such certifications of facts and estimates regarding the amount and use of the proceeds of the Bonds, as may be necessary or appropriate from time to time to comply with, or to evidence the County's compliance with the covenants set forth in this Order.

Section 20. This Order shall take effect immediately.

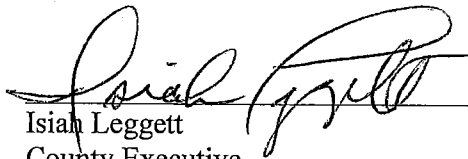


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Dated as of this 17 day of November, 2016.


Isiah Leggett
County Executive
Montgomery County, Maryland

List of Exhibits

- Exhibit A – Refunded Bonds
- Exhibit B – Form of Bonds
- Exhibit C – Preliminary Official Statement
- Exhibit D – Escrow Deposit Agreement

Signature page to Executive Order B354-16

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 17, 2016

NEW ISSUE -- BOOK-ENTRY ONLY

Fitch Ratings:
Moody's Investors Service:
S&P Global Ratings:
(See "Ratings")

\$436,000,000*
MONTGOMERY COUNTY, MARYLAND
General Obligation Bonds
consisting of

\$340,000,000* Consolidated Public Improvement Bonds of 2016, Series A
\$96,000,000* Consolidated Public Improvement Refunding Bonds of 2016, Series B

Dated: Date of Initial Delivery

Due: As shown on inside front cover

The Consolidated Public Improvement Bonds of 2016, Series A (the "Series 2016A Bonds") and the Consolidated Public Improvement Refunding Bonds of 2016, Series B (the "Series 2016B Bonds" and together with the Series 2016A Bonds, the "Bonds") are issuable by Montgomery County, Maryland (the "County") in fully registered form in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable semi-annually on each June 1 and December 1, commencing June 1, 2017 until maturity or earlier redemption. The County will perform the paying agency and registrar services described in this Official Statement; provided that if the book-entry only system is discontinued, the County may appoint a financial institution to perform such services on its behalf (the County and any paying agent/registrar subsequently appointed are hereinafter collectively referred to as the "Paying Agent/Registrar"). Except as otherwise governed by the procedures of The Depository Trust Company, New York, New York ("DTC"), payments of principal of and premium, if any, and interest on the Bonds will be payable to the registered holder when due upon presentation to the Paying Agent/Registrar.

The Bonds are available only in book-entry form, registered in the name of Cede & Co., as nominee of DTC, acting as securities depository for the Bonds. So long as the Bonds are registered in the name of Cede & Co., the payment of the principal of, premium, if any, and interest on the Bonds will be made by the County to DTC. DTC is required to remit such payments to DTC participants, who are required in turn to remit such payments to beneficial owners, as described in this Official Statement. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds.

In the opinion of Bond Counsel, under existing law, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland or by any of its political subdivisions, or any other public entity. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest therefrom. Assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds for federal income tax purposes is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment; however, interest on the Bonds may be taken into account in determining "adjusted current earnings" for purposes of computing the alternative minimum tax for corporations, and interest on the Bonds will be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. See "TAX MATTERS."

**FOR AMOUNTS, MATURITIES, INTEREST RATES,
PRICES OR YIELDS AND CUSIPS, SEE INSIDE COVER**

DELIVERY: The Bonds are offered for delivery when, as and if issued, subject to the approving legal opinion of McKennon Shelton & Henn LLP, Bond Counsel, and other conditions specified in the Official Notices of Sale for the Bonds as set forth in Appendix D. It is expected that the Bonds in definitive form will be available for delivery through DTC on or about December 13, 2016.

The date of this Official Statement is _____, 2016.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

*Preliminary, subject to change.

OFFICIAL STATEMENT DATED _____, 2016

\$436,000,000*
MONTGOMERY COUNTY, MARYLAND
General Obligation Bonds
consisting of

\$340,000,000* Consolidated Public Improvement Bonds of 2016, Series A
\$96,000,000* Consolidated Public Improvement Refunding Bonds of 2016, Series B



No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Bonds by any person in any jurisdiction in which it is not lawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources which are deemed to be reliable but is not guaranteed as to accuracy or completeness.

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Appendix A – Form of Approving Opinion of Bond Counsel
Appendix B – Form of Continuing Disclosure Agreement
Appendix C – Refunded Bonds
Appendix D – Notices of Sale

*Preliminary, subject to change.

INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is qualified in its entirety by the detailed information contained in this Official Statement. This summary is only a brief description of the offering and potential investors should review this entire Official Statement. The Official Statement speaks only as of its date, and the information contained herein is subject to change.

Issuer:	Montgomery County, Maryland (the "County").
Issue:	\$340,000,000* Consolidated Public Improvement Refunding Bonds of 2016, Series A (the "Series 2016A Bonds") and \$96,000,000* Consolidated Public Improvement Refunding Bonds of 2016, Series B (the "Series 2016B Bonds" and together with the Series 2016A Bonds, the "Bonds").
Dated Date:	Date of Initial Delivery.
Security:	The Bonds will be general obligation bonds to which the full faith and credit and unlimited taxing power of the County will be pledged.
Purpose:	The proceeds of the Series 2016A Bonds will be used to finance the costs of certain capital projects in the County and refinance all or a portion of certain bond anticipation notes, the proceeds of which financed certain capital projects in the County. The proceeds of the Series 2016B Bonds will be used to refund certain of the County's general obligation bonds. See "DESCRIPTION OF THE BONDS – Purpose of the Bonds".
Authority of Issuance:	The Bonds are issued under the provisions of the laws of the State of Maryland, the Montgomery County Charter, certain actions by the county, certain laws of the County, as amended, and an Executive Order of the County Executive of the County (the "County Executive"). See "DESCRIPTION OF THE BONDS – Authority for the Bonds."
Redemption:	The Bonds are subject to redemption prior to their stated maturities as described herein. See "DESCRIPTION OF THE BONDS – Redemption Provisions."
Denominations:	\$5,000 or integral multiples thereof.
Paying Agent/Registrar:	The County will perform the paying agency and registrar services described in this Official Statement; provided that, if the book-entry only system is discontinued, the County may appoint a financial institution to perform such services on its behalf (the County and any paying agent/registrar subsequently appointed are hereinafter collectively referred to as the "Paying Agent/Registrar").
Principal Payments:	Payable annually on the dates and in the principal amounts shown on the inside cover to this Official Statement.
Interest Payments:	Interest on the Bonds will be payable semi-annually on each June 1 and December 1, commencing June 1, 2017 until maturity or earlier redemption, payable in any lawful money of the United States of America to the person in whose name such Bond is registered on the Bond Register as of the close of business on the fifteenth day of the month next preceding an interest payment date (the "Record Date").
Book-Entry Only:	The Bonds will be issued as book-entry only securities through The Depository Trust Company, New York, New York ("DTC").
Delivery:	Delivery of the Bonds is expected on or about December 13, 2016 through the facilities of DTC, on behalf of the purchaser of the Bonds.
Limitations on Offering and Reoffering Securities:	No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute

* Preliminary, subject to change.

DESCRIPTION OF THE BONDS

Purpose of the Bonds

The proceeds of the Series 2016A Bonds will be used to (i) pay the costs of issuing the Bonds, (ii) finance and refinance the acquisition, construction and equipping of certain public facilities in the County (the "Consolidated Public Improvement Projects") described in the County's Approved FY17-22 Capital Improvements Program, and (iii) refinance all or a portion of the County's outstanding Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2009 Series and Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2010 Series, which such notes were used to finance and refinance the acquisition, construction and equipping of certain Consolidated Public Improvement Projects, as described in Section 20-14 of the Montgomery County Code (the "County Code"), as amended, as follows: General County, Roads and Storm Drainage, Public Schools and Community Colleges, and Mass Transit.

The proceeds of the Series 2016B Bonds will be used to refund a portion of the County's outstanding Consolidated Public Improvement Bonds of 2011, Series A (referred to hereinafter as the "Series 2011 Bonds" or the "Refunded Bonds"). See Appendix C for a list of the Refunded Bonds and the date for their redemption.

A portion of the proceeds of the Series 2016B Bonds will be applied to the purchase of non-callable direct obligations of or obligations the principal of and interest on which are guaranteed by the United States of America or United States government securities or ownership interests therein (the "Escrowed Securities") which will be deposited by the Director of Finance of the County with U.S. Bank National Association (the "Escrow Agent") in a trust fund for the Series 2011 Bonds (the "2011 Escrow Deposit Fund"). The 2011 Escrow Deposit Fund will be established under an Escrow Deposit Agreement to be entered into by and between the County and the Escrow Agent with respect to the Refunded Bonds (the "Escrow Deposit Agreement"). Such Escrowed Securities will be payable as to principal and interest at such times and in such amounts as will be sufficient, together with any initial cash deposit, to pay the interest due on the Series 2011 Bonds on the due dates for the payment thereof and to pay the redemption price of the Series 2011 Bonds on the redemption date for such Series 2011 Bonds as described on Appendix C. See "Verification of Mathematical Computations." Amounts on deposit in the Escrow Deposit Fund established under the Escrow Deposit Agreement for the Series 2011 Bonds will be pledged only to the payment of the principal of and interest on the Series 2011 Bonds and are not available for the payment of principal, redemption premium, if any, or interest on the Bonds.

Authority for the Bonds

The Series 2016A Bonds are consolidated and issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); Section 19-101 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); Chapter 43 of the Laws of Montgomery County of 2006, Chapter 12 of the Laws of Montgomery County of 2007, Chapter 36 of the Laws of Montgomery County of 2008, Chapter 22 of the Laws of Montgomery County of 2009, Chapter 54 of the Laws of Montgomery County of 2010, Chapter 24 of the Laws of Montgomery County of 2011, Chapter 19 of the Laws of Montgomery County of 2012, Chapter 26 of the Laws of Montgomery County of 2013, Chapter 31 of the Laws of Montgomery County of 2014 and Chapter 49 of the Laws of Montgomery County of 2015; Resolution No. 16-1104 of the County Council of Montgomery County, Maryland (the "County Council"), adopted on September 15, 2009, as amended; the Montgomery County Code (the "Code"); certain provisions of the Montgomery County Charter (the "Charter"); and an Executive Order of the County Executive of the County, as supplemented (the "Executive Order").

The Series 2016B Bonds are issued pursuant to Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); Section 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2016 Supplement); Resolution No. 16-1152 adopted by the County Council on October 20, 2009 and effective on October 21, 2009, as amended by Resolution No. 17-1265 adopted by the County Council on November 25, 2014; certain provisions of the Charter and Code; and the Executive Order.

principal amount equal to the aggregate principal amount of the Bonds of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions and defaults. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Paying Agent/Registrar may require payment by any holder of Bonds requesting exchange or transfer of Bonds of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Bonds for such exchange or transfer. The Paying Agent/Registrar shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption as previously described; provided, however, that the foregoing limitation shall not apply to that portion of a Bond in excess of \$5,000 which is not being called for redemption.

THE COUNTY AND PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE BONDS (A) PAYMENTS OF THE PRINCIPAL OF, OR INTEREST ON, THE BONDS, (B) CONFIRMATION OF OWNERSHIP INTERESTS IN THE BONDS, OR (C) NOTICES OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

THE COUNTY

Montgomery County, Maryland is a body politic and corporate and a political subdivision of the State of Maryland. For more information regarding the County, see the County's Annual Information Statement ("AIS"), which is hereby incorporated by reference and can be found at:

<http://www.montgomerycountymd.gov/BONDS/Resources/Files/AIS2016.pdf>

For information respecting the County's Employees' Retirement System, see the County's Employee Retirement Plans, Comprehensive Annual Financial Report, which is hereby incorporated by reference and can be found at:

http://www.montgomerycountymd.gov/mcerp/Resources/Files/CAFR_FY15_MCERP_Web.pdf

Selected Debt and Financial Information

The information (including Tables 1 through 7) presented on the following pages provide current information on the County's financial position as of June 30, 2016 and certain portions of such information has been updated to reflect the effect of the Bonds on the current debt of the County. For more information on the County, and a complete overview of the County's debt and the County's Basic Financial Statements for the year ended June 30, 2015, please see the AIS.

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Table 2
Statement of Legal Debt Margin
As of June 30, 2016
And Including Proposed 2016 General Obligation Bonds

June 30, 2016 Assessed Valuation - Real Property		\$170,176,446,052
Debt Limit (% of Assessed Valuation)		<u>6.00%</u>
Subtotal Limitation - Real Property		<u>\$10,210,586,763</u>
June 30, 2016 Assessed Valuation - Personal Property		\$3,884,349,017
Debt Limit (% of Assessed Valuation)		<u>15.00%</u>
Subtotal Limitation - Personal Property		<u>\$582,652,353</u>
Total Assessed Valuation - Real and Personal Property		\$174,060,795,069
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds		\$10,793,239,116
Less Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds Outstanding	\$2,561,290,000	
General Obligation Variable Rate Demand Obligations	100,000,000	
Proposed 2016 General Obligation Bonds	340,000,000	
Proposed 2016 General Obligation Refunding Bonds*	92,700,000	
Short-Term BANs/Commercial Paper Outstanding	<u>160,000,000</u>	
Net Direct Debt		<u>3,253,990,000</u>
Legal Debt Margin		<u>\$7,539,249,116</u>
Net Direct Debt as a Percentage of Assessed Valuation		1.87%

* Preliminary, subject to change.

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Table 4
General Obligation Bonds Authorized – Unissued
As of June 30, 2016

Purpose	Chapter	Act	Amount	Amount Unissued
General County, Parks, and Consolidated Fire Tax District	54	2010	\$341,600,000	\$91,268,000
	24	2011	65,400,000	65,400,000
	19	2012	13,900,000	13,900,000
	26	2013	331,600,000	331,600,000
	31	2014	167,400,000	167,400,000
	49	2015	<u>148,100,000</u>	<u>148,100,000</u>
			<u>1,068,000,000</u>	<u>817,668,000</u>
Road & Storm Drainage	19	2012	38,700,000	13,100,000
	26	2013	86,800,000	86,800,000
	31	2014	49,300,000	49,300,000
	49	2015	<u>113,600,000</u>	<u>113,600,000</u>
			<u>288,400,000</u>	<u>262,800,000</u>
Public Schools and Community College	19	2012	187,400,000	102,349,000
	26	2013	15,100,000	15,100,000
	31	2014	162,000,000	162,000,000
	49	2015	<u>267,200,000</u>	<u>267,200,000</u>
			<u>631,700,000</u>	<u>546,649,000</u>
Mass Transit	24	2011	103,200,000	11,886,000
	31	2014	9,400,000	9,400,000
	49	2015	<u>34,200,000</u>	<u>34,200,000</u>
			<u>146,800,000</u>	<u>55,486,000</u>
Public Housing	17	1981	2,650,000	1,890,000
	13	1982	995,000	995,000
	8	1983	230,000	230,000
	20	1985	900,000	900,000
	13	1986	855,000	855,000
	22	2009	1,000,000	1,000,000
	54	2010	<u>46,400,000</u>	<u>46,400,000</u>
			<u>53,030,000</u>	<u>52,270,000</u>
Easements: Agricultural Easements Façade Easements	24	2011	2,000,000	2,000,000
	24	2011	1,100,000	1,100,000
	26	2013	<u>2,200,000</u>	<u>2,200,000</u>
			<u>5,300,000</u>	<u>5,300,000</u>
Parking District: Silver Spring	9	1983	2,945,000	2,045,000
	6	1984	1,220,000	1,220,000
	19	2012	<u>20,115,000</u>	<u>1,193,000</u>
			<u>24,280,000</u>	<u>4,458,000</u>
Parking District: Bethesda	19	1981	7,325,000	3,040,000
	14	1982	775,000	775,000
	10	1983	<u>1,050,000</u>	<u>1,050,000</u>
			<u>9,150,000</u>	<u>4,865,000</u>
Total Parking Districts			<u>33,430,000</u>	<u>9,323,000</u>
Total General Obligation Bonds			<u>\$2,226,660,000</u>	<u>\$1,749,496,000</u>

In addition to the above noted authority, the County has authority under the provisions of section 56-13 of the Montgomery County Code, as amended, to issue County bonds, within statutory debt limits to finance approved urban renewal projects.

Table 6
Montgomery County, Maryland
Schedule of General Fund Revenues, Expenditures, & Transfers In (Out)
(Budgetary, Non-GAAP Basis)

	Fiscal Year Actual ⁽¹⁾			Projected Fiscal Year 2016 (Unaudited)
	2013	2014	2015	
Revenues:				
Taxes:				
Property, including interest & penalty	\$ 1,036,227,629	\$ 1,108,735,671	\$ 1,088,396,848	\$ 1,115,368,145
Transfer tax and recordation tax	142,027,055	144,458,634	147,599,257	174,708,803
County income tax	1,317,533,090	1,376,763,653	1,310,821,061	1,438,080,452
Other taxes	<u>292,007,596</u>	<u>284,844,756</u>	<u>278,098,839</u>	<u>276,158,445</u>
Total Taxes	2,787,795,370	2,914,802,714	2,824,916,005	3,004,315,845
Licenses and permits	9,703,745	10,585,333	10,315,894	11,728,255
Intergovernmental revenue	51,799,202	65,386,079	62,972,046	58,044,324
Charges for services	10,552,028	8,911,416	27,338,198	9,241,715
Fines and forfeitures	23,160,668	23,993,497	27,538,162	24,653,370
Investment income	66,215	5,572	105,948	39,340
Miscellaneous	<u>14,449,088</u>	<u>14,406,470</u>	<u>13,994,838</u>	<u>8,849,420</u>
Total Revenues	<u>2,897,526,316</u>	<u>3,038,091,081</u>	<u>2,967,181,091</u>	<u>3,116,872,269</u>
Expenditures (including encumbrances):				
General County:				
General government	348,045,120	403,689,920	418,808,265	443,415,180
Public safety	367,638,180	386,799,315	395,772,952	404,437,107
Public works and transportation	68,700,317	82,090,135	76,675,794	80,763,532
Health and human services	196,376,879	216,191,464	225,280,973	212,881,266
Culture and recreation	35,568,206	38,749,757	41,713,019	41,083,996
Housing and community development	4,439,750	4,699,773	12,364,542	5,556,276
Environment	<u>2,371,515</u>	<u>2,247,029</u>	<u>1,778,768</u>	<u>2,540,519</u>
Total Expenditures	<u>1,023,139,967</u>	<u>1,134,467,393</u>	<u>1,172,394,313</u>	<u>1,190,677,876</u>
Transfers In (Out):				
Transfers In:				
Special Revenue Funds	24,504,717	26,552,919	24,313,710	27,629,885
Enterprise Funds	28,400,910	28,253,518	36,201,147	34,601,000
Internal Service Funds	19,034,302	8,682,636	10,745,911	-
Capital Projects Fund	-	-	-	-
Component Units	<u>232,538</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Transfers In	<u>72,172,467</u>	<u>63,489,073</u>	<u>71,260,768</u>	<u>62,230,885</u>
Transfers Out:				
Special Revenue Funds	(57,842,563)	(49,557,407)	(45,240,340)	(53,106,614)
Debt Service Fund	(252,311,377)	(256,222,429)	(281,282,150)	(276,174,482)
Capital Projects Fund	(45,695,781)	(42,493,960)	(54,521,679)	(55,380,231)
Enterprise Funds	(2,873,089)	(2,608,209)	(25,000)	(1,617,930)
Internal Service Funds	(1,597,958)	(1,143,657)	(576,813)	-
Component Units	<u>(1,547,788,358)</u>	<u>(1,576,615,732)</u>	<u>(1,615,305,046)</u>	<u>(1,674,870,071)</u>
Total Transfers Out	<u>(1,908,109,126)</u>	<u>(1,928,641,394)</u>	<u>(1,996,951,028)</u>	<u>(2,061,149,328)</u>
Net Transfers In (Out)	<u>(1,835,936,659)</u>	<u>(1,865,152,321)</u>	<u>(1,925,690,260)</u>	<u>(1,998,918,443)</u>
Excess of revenues and operating transfers in over/ (under) expenditures, encumbrances and operating transfers out	38,449,690	38,471,367	(130,903,482)	(72,724,050)
Fund Balances, July 1 as previously stated	235,497,305	289,598,811	352,940,120	228,430,379
Net Adjustment for previous year encumbrances	15,651,816	24,869,942	6,773,172	26,575,194
Fund Balances, July 1 restated	<u>251,149,121</u>	<u>314,468,753</u>	<u>359,713,292</u>	<u>255,005,573</u>
Budgetary Fund Balance, June 30	<u>\$ 289,598,811</u>	<u>\$ 352,940,120</u>	<u>\$ 228,809,810</u>	<u>\$ 182,281,523</u>

Notes:

(1) Amounts for FY13-15 are audited.
Amounts are for fiscal years ended June 30.

complaint, *Michael J. Holzheid v. Comptroller of the Treasury of Maryland, et al*, in the Circuit Court for Baltimore City challenging the State legislation. Other taxpayers may also file claims or appeals challenging the State legislation. If such claims or appeals are successful, the estimated amount of interest on refunds owed by the County would increase.

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Certain Other Federal Tax Considerations

There are other federal tax consequences of ownership of obligations such as the Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 15% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; (iii) interest income that is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income tax purposes; (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; and (v) net gain realized upon the sale or other disposition of the Bonds generally must be taken into account when computing the 3.8% Medicare tax with respect to net investment income imposed on certain high income individuals and certain trusts and estates.

Purchase, Sale and Retirement of Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Bond will be its cost. Upon the sale or retirement of a Bond, for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Bond, determined by adding to the original cost basis in such Bond the amount of original issue discount that is treated as having accrued as described below under "TAX MATTERS -- Tax Accounting Treatment of Discount Bonds." Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

Market Discount

If a holder acquires a Bond after its original issuance at a discount below its principal amount (or in the case of a Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such bond was first issued), the holder will be deemed to have acquired the Bond at "market discount," unless the amount of market discount is *de minimis*, as described in the following paragraph. If a holder that acquires a Bond with market discount subsequently realizes a gain upon the disposition of the Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the Bond's stated redemption price at maturity over the holder's cost of acquiring the Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. In the case of a Bond issued with original issue discount, market discount will be *de minimis* if the excess of the Bond's revised issue price over the holder's cost of acquiring the Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. For this purpose, a Bond's "revised issue price" is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Bond during the period between its original issue date and the date of acquisition by the holder.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on the Discount Bonds. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Bonds under the alternative minimum tax or the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the alternative minimum tax or the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Bonds should consult their tax advisors.

Legislative Developments

Legislative proposals recently under consideration or proposed after issuance and delivery of the Bonds could adversely affect the market value of the Bonds. Further, if enacted into law, any such proposal could cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation and could otherwise alter or amend one or more of the provisions of federal tax law described above or their consequences. Prospective purchasers of the Bonds should consult with their tax advisors as to the status and potential effect of proposed legislative proposals, as to which Bond Counsel expresses no opinion.

CONTINUING DISCLOSURE UNDERTAKING

In order to enable participating underwriters, as defined in Rule 15c2-12 of the Securities Exchange Act of 1934 ("Rule 15c2-12") to comply with the requirements of paragraph (b)(5) of Rule 15c2-12, the County will execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") on or before the date of issuance and delivery of the Bonds, the form of which is attached to this Official Statement as Appendix B. Potential purchasers of the Bonds should note that the definition of Reportable Events in Appendix B is intended to completely restate the events specified in Rule 15c2-12. It is noted that certain Reportable Events are expected to have no applicability to the Bonds, such as the possibility of unscheduled draws on debt service reserves and matters affecting collateral for the Bonds.

With the exception of the following, the County has complied in all material respects with its continuing disclosure undertakings pursuant to Rule 15c2-12 during the last five years. The County has established procedures to ensure that the County will fulfill the requirements of its continuing disclosure obligations for its bonds in the future.

- When filing information with the continuing disclosure service established by the Municipal Securities Rulemaking Board known as the Electronic Market Access System ("EMMA"), the County inadvertently failed to index properly certain filings made with respect to the Solid Waste Disposal Waste Disposal System Refunding Revenue Bonds (the "2003 Solid Waste Bonds") issued on behalf of the County by the Northeast Maryland Waste Disposal Authority (the "Authority") in Fiscal Years 2010 and 2012. To the extent a filing was made without all of the associated CUSIP numbers, the filing was otherwise available in connection with filings made by the County or the Authority. The 2003 Solid Waste Bonds are no longer outstanding.
- In connection with its continuing disclosure obligations with respect to certain bonds issued by the County on behalf of the Department of Liquor Control and various development and parking lot districts, the County failed to timely file or failed to file portions of its operating data during the last five years. The County has subsequently filed the necessary operating data with respect to such bonds on EMMA.
- The County failed to file notice of a rating change in connection the upgrade of the County's Revenue Bonds (Department of Liquor Control) issued by Standard & Poor's Rating Group in July 2013.

expressed no opinion thereon.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The _____ (the "Verification Agent") has verified the mathematical accuracy of the computations performed by Davenport & Company LLC, including (a) the adequacy of the funds held in the Escrow Deposit Fund established and maintained under the Escrow Deposit Agreement for the payment of the redemption price of the Refunded Bonds, and (b) calculations to support the opinion of Bond Counsel that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code. Such verification is based upon data and information supplied to the Verification Agent by Davenport & Company LLC.

CERTIFICATE OF COUNTY OFFICIALS

The Chief Administrative Officer and the Director of Finance of the County will furnish a certificate to the successful bidder for the Bonds to the effect that, to the best of their knowledge and belief, this Official Statement, as of the date of sale and the date of delivery of the Bonds, is true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact, required to be stated or necessary to be stated, to make such statements, in the light of the circumstances under which they were made, not misleading.

INFORMATION IN OFFICIAL STATEMENT

All quotations, summaries and explanations in this Official Statement of State and County laws and the Montgomery County Charter do not purport to be complete and reference is made to pertinent provisions of the same for complete statements. Any estimates or opinions herein, whether or not expressly so stated, are intended as such and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which such information is stated or the date hereof. This Official Statement shall not be construed as part of any contract between the County and the purchasers or holders of its bonds. The County has been advised by McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, in connection with legal statements contained in this Official Statement; however, Bond Counsel has not passed upon or assumed responsibility for the accuracy of the statistical data, financial statements and economic data contained herein.

Any questions regarding this Official Statement or the Bonds should be directed to the County's Director of Finance, Department of Finance, Montgomery County, Maryland, 101 Monroe Street, 15th floor, Rockville, Maryland 20850, Telephone: (240) 777-8860.

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APPENDIX A

FORM OF APPROVING OPINION OF BOND COUNSEL

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including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland or by any of its political subdivisions, or any public entity. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the Bonds be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) requirements applicable to the use of the proceeds of the Bonds and the use of the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to tax may be required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, "adjusted current earnings" would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States of America.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of _____, 2016 (this "Disclosure Agreement") is executed and delivered by MONTGOMERY COUNTY, MARYLAND (the "County") in connection with the issuance of its Consolidated Public Improvement Bonds of 2016, Series A and Consolidated Public Improvement Refunding Bonds of 2016, Series B (collectively, the "Bonds"). The County, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

SECTION 1. *Purpose of the Disclosure Agreement.* This Disclosure Agreement is being executed and delivered by the County for the benefit of the owners of the Bonds, including beneficial owners, and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The County's obligations hereunder shall be limited to those required by written undertaking pursuant to the Rule.

SECTION 2. *Definitions.* In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Dissemination Agent" shall mean the County, acting as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County.

"EMMA" shall mean Electronic Municipal Market Access System maintained by the MSRB. For more information on EMMA, see www.emma.msrb.org.

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended or replaced from time to time.

"State" shall mean the State of Maryland.

SECTION 3. *Provision of Annual Financial Information, Operating Data and Audited Information.*

(a) The County shall provide to the MSRB, the following annual financial information and operating data, such information and data to be updated as of the end of the preceding fiscal year and made available within 275 days after the end of the fiscal year, commencing with the fiscal year ended June 30, 2016:

- (i) Statement of Direct and Overlapping Debt;
- (ii) General Bonded Debt Ratios;
- (iii) Assessed Value of All Taxable Property By Class;
- (iv) Property Tax Levies and Collections;
- (v) Property Tax Rates and Tax Levies, By Purpose; and
- (vi) Schedule of General Fund Revenues, Expenditures and Transfers In (Out).

(b) The County shall provide to the MSRB annual audited financial statements for the County, such information to

termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(b) In a timely manner, not in excess of ten business days after the occurrence of an event listed in Section 4(a) above, the County shall file a notice of such occurrence with the MSRB.

SECTION 5. *Filing with EMMA.* Unless otherwise required by the MSRB, all filings with the MSRB shall be made with EMMA and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 6. *Termination of Reporting Obligations.* The County's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the County may terminate its obligations under this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

SECTION 7. *Amendments.*

(a) The County may provide further or additional assurances that will become part of the County's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the County in its discretion, provided that:

(1) the amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the County as the obligated person with respect to the Bonds, or type of business conducted by the County;

(2) this Disclosure Agreement, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment does not materially impair the interests of owners of the Bonds, including beneficial owners, as determined by bond counsel selected by the County or by an approving vote of at least 25% of the outstanding principal amount of the Bonds.

(b) The reasons for the County agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of financial information or operating data being provided will be explained in narrative form in information provided with the annual financial information containing the additional or amended financial information or operating data.

SECTION 8. *Additional Information.* Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including disclaimers or any other information in any disclosure made pursuant to Section 3(a) or 3(b) hereof or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any disclosure made pursuant to Section 3(a) or 3(b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 3(a) or 3(b) hereof or notice of occurrence of a Listed Event.

SECTION 9. *Limitation on Remedies and Forum.*

(a) The County shall be given written notice at the address set forth below of any claimed failure by the County to perform its obligations under this Disclosure Agreement, and the County shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the County shall be given to Director of Finance, 15th Floor, Executive Office

APPENDIX C
REFUNDED BONDS

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APPENDIX D

OFFICIAL NOTICES OF SALE

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Contact Information

MONTGOMERY COUNTY, MARYLAND (ISSUER)

Alexandre A. Espinosa, Director of Finance

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Rockville, Maryland 20850
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Email: alex.espinosa@montgomerycountymd.gov

Jacqueline D. Carter, Debt Manager

Department of Finance
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Rockville, Maryland 20850
Phone: 240-777-8979 / Fax: (240) 777-8857
Email: jacqueline.carter@montgomerycountymd.gov

Robert Hagedoorn, Chief, Division of Fiscal Management

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Sam Kettermann, Senior Vice President

Phone: (410) 296-9426
E-Mail: skettermann@investdavenport.com

Joe Mason, Senior Vice President

Phone: (571) 223-5893
E-Mail: jmason@investdavenport.com

MCKENNON SHELTON & HENN LLP (BOND COUNSEL)

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David Gregory, Partner

Phone: (410) 843-3543
Email: david.gregory@mshllp.com

Carlos Santos

Phone: (410) 843-3510
Email: carlos.santos@mshllp.com

I-DEAL/PARITY® (ELECTRONIC BIDDING PLATFORM)

Client Services

Phone: (212) 849-5024
Email: parity@i-deal.com

PRINCIPAL AMORTIZATION SCHEDULE

The Bonds will be issued in serial form as designated by the successful bidder for the Bonds in its proposal, as described below. The principal of the Bonds shall be payable in installments on the dates in the following years and in the following amounts:

\$340,000,000* Consolidated Public Improvement Bonds of 2016, Series A

<u>Maturing December 1</u>	<u>Principal Amount*</u>	<u>Maturing December 1</u>	<u>Principal Amount*</u>
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*Preliminary, subject to change.

each bond equal to the principal amount of the bond to be redeemed, together with interest accrued to the date fixed for redemption, without premium.

Selection of Bonds to Be Redeemed

If less than all of the Bonds of any one maturity are called for redemption, the particular bonds, or portions of such bonds, to be redeemed from such maturity shall be selected by the Director of Finance of the County, acting as bond registrar and paying agent for the Bonds, or its successor as bond registrar and paying agent (the "Bond Registrar/Paying Agent") by lot or other random means in such manner as the Bond Registrar/Paying Agent in its sole discretion may determine, except that so long as DTC or its nominee is the sole registered owner of the Bonds, the particular bonds or portion to be redeemed shall be selected by DTC, in such manner as DTC shall determine. Each \$5,000 portion of a bond shall be treated as a separate bond in the selection of Bonds to be redeemed.

If the County elects to redeem all or a portion of the Bonds outstanding, it shall give a redemption notice to the registered owners of such Bonds to be redeemed, at least thirty (30) days prior to the date of redemption, by letter mailed first class, postage prepaid, to the registered owners of the Bonds to be redeemed at their last addresses appearing on the registration books maintained by the Bond Registrar/Paying Agent; provided, however, that so long as DTC or its nominee is the sole registered owner of such Bonds, any redemption notice will be given only to DTC. The failure to mail such notice with respect to a particular bond or any defect in such notice, or in the mailing thereof, shall not affect the sufficiency of proceedings for the redemption of any other bond. From and after the date fixed for redemption, if notice has been duly and properly given and if funds sufficient for the payment of the redemption price and accrued interest are available on such date, the Bonds designated for redemption shall cease to bear interest.

Notwithstanding the foregoing, so long as the Bonds are maintained under a book-entry system, selection of the Bonds to be redeemed shall be made in the manner described below under "Book-Entry Only System" and notice of redemption shall be mailed only to DTC.

Adjustment of Amounts and Maturities

Prior to the Sale Date, the County may cancel the sale of the Bonds or adjust the aggregate principal amount and the principal amount of any maturity of the Bonds. The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each installment payment on the Bonds as set forth in this Official Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount", and collectively the "Preliminary Amounts") may be revised before the receipt and opening of the bids for their purchase. **ANY SUCH REVISIONS MADE PRIOR TO THE OPENING OF THE BIDS** (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount", and collectively the "Revised Amounts") **WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN 9:30 A.M., PREVAILING EASTERN TIME, ON THE SALE DATE FOR THE BONDS.**

In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

After the receipt and opening of the bids for their purchase, the County may reject the bids for the Bonds or adjust the aggregate principal amount and the principal amount of each maturity of the Bonds; provided that such adjustments are within the limitations set forth in the Bidding Parameters Table, calculated based on the applicable bid amount. The County will consult with the successful bidder before adjusting the amount of any maturity of the Bonds or canceling the sale of the Bonds; however, the County reserves the sole right to make adjustments, within the limits described above, or to cancel the sale of the Bonds. The County intends to notify the successful bidder, if any, of any adjustments made after the opening of the bids promptly and in any event not later than five (5) hours after the bid opening unless waived by the successful bidder. Adjustments within the limits described above will not relieve the successful bidder from its obligation to purchase all of the Bonds offered by the County, assuming the County has satisfied all other conditions of this Official Notice of Sale.

If the principal amount of any maturity of the Bonds is adjusted after the award, the interest rate and reoffering price (as a percentage of the adjusted principal) for each maturity and the Underwriter's Discount, per \$1,000 of par

Form of Bid, Interest Rates and Bid Prices

All bids must conform to the requirements of this Official Notice of Sale. Bidders must bid to purchase all maturities of the Bonds. No bid will be considered which does not offer to purchase all of the Bonds. Each bid must specify (i) an annual rate of interest for each maturity, (ii) a reoffering price or yield for each maturity, and (iii) a dollar purchase price for the entire issue of the Bonds.

A bidder must specify the rate of interest per annum per maturity, which the Bonds are to bear, to be expressed in the coupon rate multiples set forth in the Bidding Parameters Table. Any number of interest rates may be named, but the Bonds of each maturity must bear interest at the same single rate for all bonds of that maturity.

Each bid for the Bonds must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table on a maturity and aggregate basis.

Each bidder must specify, as part of its bid, the prices or yields at which a substantial amount (i.e., at least 10%) of the Bonds of each maturity will be offered and sold to the public. Reoffering prices presented as a part of the bids will not be used in computing the bidders' true interest cost. As promptly as reasonably possible after bids are received, the County will notify the successful bidder that it is the apparent winner.

Disclaimer

The use of PARITY® electronic bidding shall be at the bidder's risk and expense, and the County shall have no liability with respect thereto. The County is using electronic bidding as a communications medium and solely as a courtesy to prospective bidders. PARITY® is not acting as the County's agent. The County shall assume no responsibility or liability for bids submitted through such electronic bidding service provider. The County shall not be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, the approved provider's service. Without limiting the generality of the foregoing disclaimers, the County does not assume responsibility for any communications or negotiations between bidders and any electronic bidding service provider, or for any failure of such a provider to accurately or timely submit any electronic proposal.

Each electronic bid submitted via PARITY® shall be deemed an offer, in response to this Official Notice of Sale, and shall be binding on the bidder as if made by a signed, sealed bid delivered to the County.

Any electronic proposals shall be deemed to incorporate all of the provisions of this Official Notice of Sale. If any provision of this Official Notice of Sale conflicts with information provided by PARITY®, this Official Notice of Sale shall control. The County is not bound by any advice or determination of PARITY® as to whether any bid complies with the terms of this Official Notice of Sale. The time as maintained by PARITY® shall constitute the official time with respect to all bids submitted.

Award of Bid

The County expects to award the Bonds to the winning bidder on the Sale Date. It is anticipated that all bids will be reviewed by the Director of Finance of the County at the time stated above and will be acted on following the opening, tabulation and verification of the bids received. The decision as to the award of the Bonds will be final. Bids may not be withdrawn prior to the award.

The Bonds will be awarded by the County on the Sale Date to the bidder whose bid complies with this Official Notice of Sale and results in the lowest true interest cost to the County. The lowest true interest cost will be determined in accordance with the True Interest Cost ("TIC") method by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments from the payment dates to the Dated Date of the Bonds and to the aggregate purchase price of the Bonds. If two or more bidders offer to purchase the Bonds at the same lowest TIC, such Bonds may be apportioned between such bidders if it is agreeable to each of the bidders who have offered the price producing the same lowest TIC; provided, that if apportionment is not acceptable to such bidders, the County will have the right to award such Bonds to one of such bidders.

Reoffering Prices and Certificate

The successful bidder shall make a bona fide public offering of all of the Bonds and shall represent to the County that such reoffering is in compliance with all applicable securities laws of the jurisdictions in which such Bonds are offered. **Within 30 minutes after being notified of the tentative award of the bonds, the successful bidder shall advise the county in writing (via facsimile or e-mail transmission) to Sam Kettermann, Joe Mason or Peter Lind at skettermann@investdavenport.com, jmason@investdavenport.com or plind@investdavenport.com, respectively, of the initial public offering prices of the Bonds. The County will review the initial public offering prices for compliance with applicable securities laws prior to final confirmation of the award.**

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COUNTY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF EACH MATURITY OF THE BONDS AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL SHALL REQUEST, AS DESCRIBED BELOW. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of each maturity of the Bonds at the initial reoffering prices would be sufficient to certify as of the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

Tax Status, Legal Opinions, Closing Documents and No Litigation

The approving legal opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, will be furnished without cost to purchasers of the Bonds. A summary description of the tax treatment of the Bonds is contained in the Preliminary Official Statement under the heading "Tax Matters." The proposed form of legal opinion of bond counsel is attached as Appendix C to the Preliminary Official Statement.

Additional Information

This Official Notice of Sale is not a summary of the terms of the Bonds. Reference is made to the Preliminary Official Statement for a further description of the Bonds and the County. Prospective investors or bidders for the Bonds must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision. The Preliminary Official Statement is deemed final by the County as of its date for purposes of the Rule but is subject to revision, amendment and completion in a final Official Statement. Additional information concerning the matters discussed in this Official Notice of Sale, and copies of the Official Bid Form and Preliminary Official Statement may be obtained online at <http://bonds.montgomerycountymd.gov> or by request from any of the following: Alexandre A. Espinosa, the County's Director of Finance, at (240) 777-8860 or alex.espinosa@montgomerycountymd.gov; Jacqueline Carter, the County's Debt Manager, at (240) 777-8979 or jacqueline.carter@montgomerycountymd.gov; Sam Kettermann at (410) 296-9426 or skettermann@investdavenport.com; Joe Mason at (571) 223-5893 or jmason@investdavenport.com; or Peter Lind at (804) 697-2917 or plind@investdavenport.com.

MONTGOMERY COUNTY, MARYLAND

By: /s/ Alexandre A. Espinosa

Alexandre A. Espinosa

Director of Finance

Dated:

Contact Information**MONTGOMERY COUNTY, MARYLAND (ISSUER)**

Alexandre A. Espinosa, Director of Finance

Department of Finance
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Rockville, Maryland 20850
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Robert Hagedoorn, Chief, Division of Fiscal Management

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Joe Mason, Senior Vice President

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David Gregory, Partner

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Carlos Santos

Phone: (410) 843-3510
Email: carlos.santos@mshllp.com

I-DEAL/PARITY® (ELECTRONIC BIDDING PLATFORM)

Client Services

Phone: (212) 849-5024
Email: parity@i-deal.com

PRINCIPAL AMORTIZATION SCHEDULE

The Bonds will be issued in serial form as designated by the successful bidder for the Bonds in its proposal, as described below. The principal of the Bonds shall be payable in installments on the dates in the following years and in the following amounts:

\$96,000,000* Consolidated Public Improvement Refunding Bonds of 2016, Series B

<u>Maturing</u> <u>December 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Maturing</u> <u>December 1</u>	<u>Principal</u> <u>Amount*</u>
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*Preliminary, subject to change.

each bond equal to the principal amount of the bond to be redeemed, together with interest accrued to the date fixed for redemption, without premium.

Selection of Bonds to Be Redeemed

If less than all of the Bonds of any one maturity are called for redemption, the particular bonds, or portions of such bonds, to be redeemed from such maturity shall be selected by the Director of Finance of the County, acting as bond registrar and paying agent for the Bonds, or its successor as bond registrar and paying agent (the "Bond Registrar/Paying Agent") by lot or other random means in such manner as the Bond Registrar/Paying Agent in its sole discretion may determine, except that so long as DTC or its nominee is the sole registered owner of the Bonds, the particular bonds or portion to be redeemed shall be selected by DTC, in such manner as DTC shall determine. Each \$5,000 portion of a bond shall be treated as a separate bond in the selection of Bonds to be redeemed.

If the County elects to redeem all or a portion of the Bonds outstanding, it shall give a redemption notice to the registered owners of such Bonds to be redeemed, at least thirty (30) days prior to the date of redemption, by letter mailed first class, postage prepaid, to the registered owners of the Bonds to be redeemed at their last addresses appearing on the registration books maintained by the Bond Registrar/Paying Agent; provided, however, that so long as DTC or its nominee is the sole registered owner of such Bonds, any redemption notice will be given only to DTC. The failure to mail such notice with respect to a particular bond or any defect in such notice, or in the mailing thereof, shall not affect the sufficiency of proceedings for the redemption of any other bond. From and after the date fixed for redemption, if notice has been duly and properly given and if funds sufficient for the payment of the redemption price and accrued interest are available on such date, the Bonds designated for redemption shall cease to bear interest.

Notwithstanding the foregoing, so long as the Bonds are maintained under a book-entry system, selection of the Bonds to be redeemed shall be made in the manner described below under "Book-Entry Only System" and notice of redemption shall be mailed only to DTC.

Adjustment of Amounts and Maturities

Prior to the Sale Date, the County may cancel the sale of the Bonds or adjust the aggregate principal amount and the principal amount of any maturity of the Bonds. The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each installment payment on the Bonds as set forth in this Official Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount", and collectively the "Preliminary Amounts") may be revised before the receipt and opening of the bids for their purchase. **ANY SUCH REVISIONS MADE PRIOR TO THE OPENING OF THE BIDS** (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount", and collectively the "Revised Amounts") **WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN 9:30 A.M., PREVAILING EASTERN TIME, ON THE SALE DATE FOR THE BONDS.**

In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

After the receipt and opening of the bids for their purchase, the County may reject the bids for the Bonds or adjust the aggregate principal amount and the principal amount of each maturity of the Bonds; provided that such adjustments are within the limitations set forth in the Bidding Parameters Table, calculated based on the applicable bid amount. The County will consult with the successful bidder before adjusting the amount of any maturity of the Bonds or canceling the sale of the Bonds; however, the County reserves the sole right to make adjustments, within the limits described above, or to cancel the sale of the Bonds. The County intends to notify the successful bidder, if any, of any adjustments made after the opening of the bids promptly and in any event not later than five (5) hours after the bid opening unless waived by the successful bidder. Adjustments within the limits described above will not relieve the successful bidder from its obligation to purchase all of the Bonds offered by the County, assuming the County has satisfied all other conditions of this Official Notice of Sale.

If the principal amount of any maturity of the Bonds is adjusted after the award, the interest rate and reoffering price (as a percentage of the adjusted principal) for each maturity and the Underwriter's Discount, per \$1,000 of par

Form of Bid, Interest Rates and Bid Prices

All bids must conform to the requirements of this Official Notice of Sale. Bidders must bid to purchase all maturities of the Bonds. No bid will be considered which does not offer to purchase all of the Bonds. Each bid must specify (i) an annual rate of interest for each maturity, (ii) a reoffering price or yield for each maturity, and (iii) a dollar purchase price for the entire issue of the Bonds.

A bidder must specify the rate of interest per annum per maturity, which the Bonds are to bear, to be expressed in the coupon rate multiples set forth in the Bidding Parameters Table. Any number of interest rates may be named, but the Bonds of each maturity must bear interest at the same single rate for all bonds of that maturity.

Each bid for the Bonds must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table on a maturity and aggregate basis.

Each bidder must specify, as part of its bid, the prices or yields at which a substantial amount (i.e., at least 10%) of the Bonds of each maturity will be offered and sold to the public. Reoffering prices presented as a part of the bids will not be used in computing the bidders' true interest cost. As promptly as reasonably possible after bids are received, the County will notify the successful bidder that it is an apparent winner.

Disclaimer

The use of PARITY® electronic bidding shall be at the bidder's risk and expense, and the County shall have no liability with respect thereto. The County is using electronic bidding as a communications medium and solely as a courtesy to prospective bidders. PARITY® is not acting as the County's agent. The County shall assume no responsibility or liability for bids submitted through such electronic bidding service provider. The County shall not be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, the approved provider's service. Without limiting the generality of the foregoing disclaimers, the County does not assume responsibility for any communications or negotiations between bidders and any electronic bidding service provider, or for any failure of such a provider to accurately or timely submit any electronic proposal.

Each electronic bid submitted via PARITY® shall be deemed an offer, in response to this Official Notice of Sale, and shall be binding on the bidder as if made by a signed, sealed bid delivered to the County.

Any electronic proposals shall be deemed to incorporate all of the provisions of this Official Notice of Sale. If any provision of this Official Notice of Sale conflicts with information provided by PARITY®, this Official Notice of Sale shall control. The County is not bound by any advice or determination of PARITY® as to whether any bid complies with the terms of this Official Notice of Sale. The time as maintained by PARITY® shall constitute the official time with respect to all bids submitted.

Award of Bid

The County expects to award the Bonds to the winning bidder or bidders on the Sale Date. It is anticipated that all bids will be reviewed by the Director of Finance of the County at the time stated above and will be acted on following the opening, tabulation and verification of the bids received. The decision as to the award of the Bonds will be final. Bids may not be withdrawn prior to the award.

The Bonds will be awarded by the County on the Sale Date to the bidder whose bid complies with this Official Notice of Sale and results in the lowest true interest cost to the County. The lowest true interest cost will be determined in accordance with the True Interest Cost ("TIC") method by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments from the payment dates to the Dated Date of the Bonds and to the aggregate purchase price of the Bonds. If two or more bidders offer to purchase the Bonds at the same lowest TIC, such Bonds may be apportioned between such bidders if it is agreeable to each of the bidders who have offered the price producing the same lowest TIC; provided, that if apportionment is not acceptable to such bidders, the County will have the right to award such Bonds to one of such bidders.

Reoffering Prices and Certificate

The successful bidder shall make a bona fide public offering of all of the Bonds and shall represent to the County that such reoffering is in compliance with all applicable securities laws of the jurisdictions in which such Bonds are offered. **Within 30 minutes after being notified of the tentative award of the Bonds, the successful bidder shall advise the County in writing (via facsimile or e-mail transmission) to Sam Kettermann, Joe Mason or Peter Lind at skettermann@investdavenport.com, jmason@investdavenport.com or plind@investdavenport.com, respectively, of the initial public offering prices of the Bonds. The County will review the initial public offering prices prior to final confirmation of the award.**

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COUNTY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF EACH MATURITY OF THE BONDS AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL SHALL REQUEST, AS DESCRIBED BELOW. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of each maturity of the Bonds at the initial reoffering prices would be sufficient to certify as of the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

Tax Status, Legal Opinions, Verification

The approving legal opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, will be furnished without cost to the winning bidder of the Bonds. A summary description of the tax treatment of the Bonds is contained in the Preliminary Official Statement under the heading "Tax Matters." The proposed form of legal opinion of bond counsel is attached as Appendix C to the Preliminary Official Statement. _____ will provide an examination of the arithmetical accuracy of certain computations related to escrow deposits, arbitrage yield, and compliance and satisfaction of savings requirements. See the Preliminary Official Statement under the caption "Verification of Mathematical Computations."

Additional Information

This Official Notice of Sale is not a summary of the terms of the Bonds. Reference is made to the Preliminary Official Statement for a further description of the Bonds and the County. Prospective investors or bidders for the Bonds must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision. The Preliminary Official Statement is deemed final by the County as of its date for purposes of the Rule but is subject to revision, amendment and completion in a final Official Statement. Additional information concerning the matters discussed in this Official Notice of Sale, and copies of the Official Bid Form and Preliminary Official Statement may be obtained online at <http://bonds.montgomerycountymd.gov> or by request from any of the following: Alexandre A. Espinosa, the County's Director of Finance, at (240) 777-8860 or alex.espinosa@montgomerycountymd.gov; Jacqueline Carter, the County's Debt Manager, at (240) 777-8979 or jacqueline.carter@montgomerycountymd.gov; Sam Kettermann at (410) 296-9426 or skettermann@investdavenport.com; Joe Mason at (571) 223-5893 or jmason@investdavenport.com; or Peter Lind at (804) 697-2917 or plind@investdavenport.com.

MONTGOMERY COUNTY, MARYLAND

By: /s/ Alexandre A. Espinosa

Alexandre A. Espinosa

Director of Finance

Dated:



MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject Authorizing the issuance of Consolidated Public Improvement Bonds of 2016, Series A and Consolidated Public Improvement Refunding Bonds of 2016, Series B	Executive Order No. 179-16	Subject Suffix
Department Department of Finance	Department No. B354-16	Effective Date

EXHIBIT D

ESCROW DEPOSIT AGREEMENT

[SEE ATTACHED]

MONTGOMERY COUNTY, MARYLAND

and

U.S. BANK NATIONAL ASSOCIATION

ESCROW DEPOSIT AGREEMENT

Dated as of December 1, 2016

**Montgomery County, Maryland
General Obligation Bonds
Consolidated Public Improvement Refunding Bonds of 2016, Series B**

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Section 3.08.	U.S. Patriot Act.....	8

"Bond Counsel" means an attorney at law or firm of attorneys at law selected by the County, which regularly render opinions of general acceptance in the municipal bond market.

"Business Day" means a day other than a Saturday, Sunday or day on which banking institutions under the laws of the state governing the Escrow Deposit Agent are authorized or obligated by law or required by executive order to remain closed.

"County" means Montgomery County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland.

"County Representative" means the Director of Finance of the County and any other person authorized by the Director of Finance to act on his behalf.

"Escrow Deposit Agent" means U.S. Bank National Association, as Escrow Deposit Agent under this Escrow Deposit Agreement.

"Escrow Deposit Agreement" means this Escrow Deposit Agreement dated as of December 1, 2016 by and between the County and the Escrow Deposit Agent.

"Escrow Deposit Fund" means the fund which is created and established under this Escrow Deposit Agreement.

ARTICLE II

ESCROW FOR REFUNDED BONDS

Section 2.01. Receipt of Resolutions.

The Escrow Deposit Agent hereby acknowledges receipt of copies of the Refunding Resolutions certified by the Clerk of the County Council and the Order.

Section 2.02. Establishment of Escrow Deposit Fund.

(a) There is hereby created and established with the Escrow Deposit Agent a special and irrevocable escrow deposit fund designated "Escrow Deposit Fund" (the "Escrow Deposit Fund") to be held in trust by the Escrow Deposit Agent separate and apart from other funds of the County and of the Escrow Deposit Agent.

(b) Simultaneously with the receipt of the proceeds of the sale of the Bonds, the County shall deliver or cause to be delivered to the Escrow Deposit Agent for deposit into the Escrow Deposit Fund immediately available funds in the amount of \$_____ (which includes the amount of \$_____, representing the good faith deposit received by the County from the purchaser of the Bonds), constituting a portion of the proceeds of the Bonds, which amounts shall be applied solely as provided in this Escrow Deposit Agreement. The County represents that, based on the certification of _____ (the "Verification Agent") dated December __, 2016 relating to the Bonds, a copy of which is attached hereto as Schedule A. Such funds will be sufficient to purchase Government Obligations that will mature in principal amounts at such times and bear interest at a rate or rates so that sufficient money will be available from such maturing principal and interest, together with cash deposited with the Escrow Agent to pay the

such holders of the Refunded Bonds, a security interest in the funds on deposit in the Escrow Deposit Fund and the interest income thereon.

The Escrow Deposit Agent shall have an express first lien on, pledge of and security interest in, all funds and income earned then on deposit in or credited to the Escrow Deposit Fund until such funds and income are used and applied in accordance with this Escrow Deposit Agreement, all for the benefit of the holders of the Refunded Bonds.

Section 2.07. Redemption.

(a) The County hereby irrevocably elects to redeem the Refunded Bonds and pay the redemption prices thereof on the Redemption Date.

(b) The Escrow Deposit Agent shall cause the Notice of Redemption with respect to the Refunded Bonds substantially in the form attached hereto as Exhibit A to be published 30 days prior to July 1, 2019, in The Washington Times, or such other newspaper of general circulation in the County as the County may direct and a newspaper in general circulation in the City of New York, New York. In addition, the Escrow Deposit Agent shall (i) mail such Notices of Redemption by first class mail, postage prepaid, at least 30 days prior to such date of redemption, to DTC, as the registered owner of the Refunded Bonds and (ii) provide such Notices of Redemption to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") or such other electronic format as prescribed by the MSRB.

Section 2.08. Fees and Expenses of Escrow Deposit Agent.

The County shall pay the Escrow Deposit Agent such fees as are agreed upon by the parties in a separate agreement established for the payment of fees. The County will provide for the payment of reasonable out-of-pocket expenses incurred by the Escrow Deposit Agent in the performance of its duties under this Escrow Deposit Agreement, including, as provided in Section 2.11, the cost of mailing notices under Section 2.07 hereof. No fees and expenses of the Escrow Deposit Agent other than those described in this Section 2.08 are anticipated. However, if the Escrow Deposit Agent incurs any unusual or extraordinary expenses, or undertakes any unusual or extraordinary services, not anticipated at the time of the execution and delivery of this Escrow Deposit Agreement, the Escrow Deposit Agent may request payment of its reasonable fees and expenses in connection therewith from the County. The Escrow Deposit Agent shall assert no lien whatsoever upon any of the moneys in the Escrow Deposit Fund for the payment of its fees and expenses.

Section 2.09. Liability and Duties of Escrow Deposit Agent.

(a) The Escrow Deposit Agent and its respective successors, assigns, agents and employees, absent negligence or willful misconduct, shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Escrow Deposit Agreement, the establishment of the Escrow Deposit Fund, the acceptance of the moneys deposited therein, the investment of funds held in the Escrow Deposit Fund or any payment, transfer or other application of moneys or securities by the Escrow Deposit Agent in accordance with the provisions of this Escrow Deposit Agreement.

Upon the resignation or removal of the initial Escrow Deposit Agent hereunder, U.S. Bank National Association will refund to the County a pro rata portion of the fee paid to the Escrow Deposit Agent pursuant to Section 2.08 hereof, such pro rata portion representing the fee payable with respect to the remaining unexpired term of this Escrow Deposit Agreement.

Section 2.13. Amendments.

This Escrow Deposit Agreement shall not be amended without the consent of the parties hereto and all the holders of the Refunded Bonds then outstanding; provided, however, that the County and the Escrow Deposit Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Escrow Deposit Agreement (the "Amendments" or "Amendment") as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Escrow Deposit Agreement, for any one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in this Escrow Deposit Agreement;

(ii) to grant to, or confer upon the Escrow Deposit Agent for the benefit of such holders any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Deposit Agent; and

(iii) to make any other amendment deemed necessary by the County and the Escrow Deposit Agent to sever any clause or provision in this Agreement deemed to be illegal or unenforceable.

The Escrow Deposit Agent shall not undertake or execute any amendment unless it has received an opinion of nationally recognized Bond Counsel that (A) if such amendment had been adopted on the date of issuance of the Bonds, such Amendment would not have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations and rulings thereunder applicable to the Bonds on the date of the amendment; (B) the amendment will not cause any of the Refunded Bonds to be "arbitrage bonds;" and (C) the amendment complies with this Section.

Prior to any amendment or revocation of this Agreement, the Escrow Deposit Agent shall give notice and provide draft legal documents to (i) Moody's Investors Service, Inc. at Moody's Investors Service, Inc., Public Finance Rating Desk/Refunded Bonds, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (ii) Standard & Poor's, 25 Broadway, New York, New York 10004, and (iii) Fitch Ratings, 33 Whitehall Street, New York, New York 10004. Failure to give the notices required in this paragraph, however, shall not constitute an event of default hereunder.

Section 2.14. Reports by Escrow Deposit Agent.

Within ten (10) days of the end of each calendar month during the term of this Escrow Deposit Agreement, beginning [April 30, 2017], the Escrow Deposit Agent shall forward to the County a statement describing the cash held at the beginning of business on each such date in the Escrow Deposit Fund, including the income earned therefrom and the maturities thereof, and any

Section 3.04. Maryland Law.

This Escrow Deposit Agreement is executed and delivered with the intent that the laws of the State of Maryland shall govern.

Section 3.05. Escrow Deposit Agreement Constitutes Security Agreement.

The County executes this Escrow Deposit Agreement as a debtor under the Maryland Uniform Commercial Code and the Escrow Deposit Agent executes this Escrow Deposit Agreement as a secured party under the Maryland Uniform Commercial Code, it being intended by the parties hereto that this Escrow Deposit Agreement shall constitute and be a security agreement under the laws of the State of Maryland.

Section 3.06. Representations.

The County hereby represents that (a) the County was duly created by and is in existence under the laws of the State of Maryland, and the County possesses the authority under the Refunding Resolutions and the Refunding Act to enter into the transactions contemplated by this Escrow Deposit Agreement; (b) the County is not in default under any provisions of the laws of the State of Maryland which would adversely affect its existence or its power referred to in the preceding clause (a); and (c) the County has taken due and proper action to authorize the execution and delivery of this Escrow Deposit Agreement.

The Escrow Deposit Agent hereby represents that it (a) has been duly organized, is validly existing, and is in good standing under the banking laws as a national association, (b) has the corporate power and authority to act as Escrow Deposit Agent under this Escrow Deposit Agreement, (c) meets the requirements set forth in Section 2.12, and (d) may validly and legally perform the duties and obligations of the Escrow Deposit Agent under this Escrow Deposit Agreement.

Section 3.07. Execution in Several Counterparts.

This Escrow Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; and all such counterparts shall together constitute but one and the same instrument.

Section 3.08. U.S. Patriot Act.

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person, such as a business entity, a charity, a trust, or other legal entity, the Escrow Deposit Agent may ask for documentation to verify its formation and existence as a legal entity.

The Escrow Deposit Agent may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

[The remainder of this page has been left blank intentionally]

SCHEDULE A

REPORT OF VERIFICATION AGENT

[See Attached]

EXHIBIT B
to Escrow Deposit Agreement

NOTICE OF REFUNDING
MONTGOMERY COUNTY, MARYLAND
GENERAL OBLIGATION BONDS
CONSOLIDATED PUBLIC IMPROVEMENT BONDS

NOTICE IS HEREBY GIVEN that there have been deposited in trust with U.S. Bank National Association (the "Escrow Deposit Agent") proceeds of certain refunding bonds issued by Montgomery County, Maryland (the "County"), which proceeds have been invested in non-callable direct obligations of the United States of America (the "Government Obligations"), for the purpose of refunding certain general obligation bonds of the County (the "Refunded Bonds") as more particularly described in Exhibit A attached hereto.

The Government Obligations will mature and pay interest in such amounts and at such times as shall be necessary to pay the principal and interest due and to become due on the Refunded Bonds to the date of their redemption and the redemption price of the Refunded Bonds on the date of their redemption.

The Refunded Bonds will be called for redemption on such dates as specified in Exhibit A. INTEREST ON THE REFUNDED BONDS WILL CEASE TO ACCRUE ON SUCH DATES.

Date: _____, 2019

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Deposit Agent